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**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF CALIFORNIA**

DR SYSTEMS, INC., a California Corporation,) Case No.: 08 CV 00669 H (BLM)

Plaintiff,
v.
EASTMAN KODAK COMPANY, a New
Jersey Corporation
Defendant.

**DR SYSTEMS, INC. MOTION TO
COMPEL SUPPLEMENTAL
DISCOVERY RESPONSES FROM
EASTMAN KODAK COMPANY**

EASTMAN KODAK COMPANY,
Counterclaimant,
v.
DR SYSTEMS, INC.,
Counterclaim Defendant.

DR Systems, Inc. (“DR Systems”) requests that Eastman Kodak Company (“Kodak”) be compelled to produce documents and things regarding licenses to the Kodak ‘811 patent in suit; Kodak’s medical imaging products; and the U.S. and foreign patent prosecution of application which claim priority to the Kodak ‘811 patent in suit. DR Systems also moves that Kodak be compelled to supplement its Responses and Objections to DR Systems First Set of Document Requests with a statement for each topic that responsive documents either no longer exist (i.e., have been destroyed) or are no longer in Kodak’s custody, control or possession (i.e., transferred to Carestream Health with no opportunity to obtain access). This discovery is needed because it is directly relevant to the issues of invalidity and non-infringement by DR Systems of the Kodak ‘811 patent in suit, but also damages and laches. Moreover, Kodak’s withholding of this basic discovery is highly prejudicial to DR Systems in defending itself against the patent infringement claims asserted by Kodak.

On August 15, 2008, the parties met and conferred in an attempt to resolve this dispute without burdening the Court, but were unable to do so.

I. INTRODUCTION/BACKGROUND

As DR Systems understands Kodak’s infringement contentions, Kodak alleges, albeit erroneously, that the ‘811 patent in suit covers DR Systems’ medical imaging PACS systems. PACS systems (with varying bells and whistles) have been around since the 1990’s. In fact, one of the accused DR Systems products, the Dominator, has been commercially available since 1993. Importantly, the Kodak ‘811 patent issued on May 9, 1995.

Prior to mid-2007, Kodak designed, developed, manufactured, offered for sale and sold medical imaging PACS systems which directly competed in the identical market as the accused DR systems accused products. On or about June 2007, Kodak apparently sold its medical imaging business to Carestream Health, Inc.¹ and now claims that it is no longer involved with the development and sale of PACS systems. However, a recent brochure indicates otherwise:

¹ DR Systems has repeatedly requested the Kodak/Carestream transaction documents (i.e, Asset Purchase Agreement, License, indemnification documents, correspondence, etc.) but despite Kodak’s repeated promises to produce them, at the time of this filing has not. DR Systems has not specifically raised Kodak’s

1
2 **Kodak**
3 Carestream PACS

4 Escalating volumes of diagnostic exams and images. Ongoing competition
5 for referrals and professional staff. The need to deliver patient care more
6 efficiently. Today, you need a way to efficiently **manage workflow** and link
7 your information systems so that all patient data are readily available to
8 authorized personnel—*anywhere, anytime*—independent of working location.
9 Now KODAK CARESTREAM PACS equips you for these and other challenges
10 with capabilities to manage diagnostic images and information, streamline
11 reading and reporting, and quickly deliver images and reports to the point
12 of patient care.

13 (Exhibit A, page 2). In light of this publicly available information regarding the Kodak
14 Carestream PACS portfolio (which are “licensed products” of Kodak) (Exhibit A at last page), the
15 discrepancy between what Kodak has represented in this lawsuit and to the public is one which
16 merits further investigation. Thus, DR Systems believes it is entitled to obtain documents and
17 information regarding the licenses to the ‘811 patent, the prosecution of applications which claim
18 priority to the ‘811 patent; and the medical imaging products designed, developed, manufactured,
19 marketed, or sold (entirely or in-part) by Kodak.

20 DR Systems’ additional request that Kodak’s responses to DR Systems’ separate categories
21 be supplemented to articulate which documents no longer exist because they have been destroyed
22 goes directly to the evidentiary prejudice inflicted on DR Systems as a result of Kodak’s
23 unreasonable and inexcusable almost thirteen year delay in asserting the ‘811 patent against DR
24 Systems.

25
26
27 Kodak’s document production thus far, in its entirety, includes the file history of the ‘811
28 patent in suit and its file history and a single prior art reference: 208 pages.

29 withholding of these documents in its present motion to compel based on Kodak’s representations, and will
30 timely seek the Court’s assistance in obtaining this crucial discovery if production is not forthcoming.

1 **II. THE REQUESTED DISCOVERY IS WARRANTED
PURSUANT TO THE FEDERAL RULES OF CIVIL PROCEDURE**

2 The Federal Rules allow for broad discovery in civil actions: Parties may obtain
3 discovery regarding any matter, not privileged, that is relevant to the claim or defense
4 of any party...Relevant information need not be admissible at trial if the discovery
5 appears to be reasonably calculated to lead to the discovery of admissible evidence...

6 The party seeking to compel discovery has the burden of establishing that its request
7 satisfies the relevancy requirements of Rule 26(b)(1). In turn, the opposing party has
8 the burden of showing that discovery should not be allowed, and also has the burden
9 of *clarifying, explaining and supporting its objections.*

10 *Calderon v. US*, 2008 U.S. Dist. Lexis 30735 *4-*5 (S.D. Cal. 2008)(*emphasis
added*)(granting motion to compel discovery). See also, *Kassab v. San Diego Police Department*,
11 2008 U.S. Dist. Lexis 30733 *2 (S.D. Cal. 2008) (“Federal discovery rules 26 through 37 have been
12 interpreted liberally to allow maximum discovery. Accordingly, in federal cases, the burden of
13 resisting discovery is on the opposing discovery.”)

14 A. **Documents Related to the Licenses of the ‘811 Patent are Relevant to Damages**

15 DR Systems’ First Set of Request for Production includes the following specific requests:

16 22. All documents and things relating to assignments, transfers, conveyances, licenses,
17 offers to license, or granting of any interest in or of rights to, the ‘811 patent.

18 (Exhibit B). Paragraphs 38, 44 and 49 seek additional information regarding licensees.

19 To date, Kodak has not produced a single document responsive to any of these topics.
20 Despite the sworn testimony from Kenneth Parulski, co-inventor of the ‘811 patent, and Kodak
21 employee with the title of Research Fellow who stated: “It’s my understanding that it has been
22 licensed, yes.”

23 Kodak’s response to DR Systems’ request for supplementation has been a moving target. On
24 August 14, 2008, Kodak’s counsel indicated that “we have searched for and to date found no
25 licenses referencing the ‘811 patent. We will complete our search at the end of this week.” (Exhibit
26 C). The next day, during a meet and confer teleconference, Kodak’s counsel indicated that a few
27 licenses were found and would be produced “early” in the week of August 18th. To date, no licenses

1 have been produced.² Recently, during the August 18, 2008 teleconference with the Court, Kodak
 2 indicated that many licenses that include the technology of the '811 patent exist, but Kodak will not
 3 produce them because the '811 patent is not specifically identified in the license (i.e., general
 4 licenses to digital imaging). The title of the Kodak '811 patent asserted against DR Systems is,
 5 however, "Method and Apparatus For Controlling Rapid Display Of Multiple Images From a Digital
 6 Image Database," so general licenses for digital imaging technology are unquestionably relevant to
 7 the royalty Kodak seeks from DR Systems.

8
 9 Importantly, Kodak's responses to DR Systems requests were due on July 14, 2008 after a
 10 two week extension requested by Kodak. Kodak's delay in searching for and collecting clearly
 11 responsive documents is unsupported by any controlling law.

12 **B. Documents Related to the Prosecution of Applications**
 13 **Within the '811 Patent Family are Relevant to Invalidity**

14 DR Systems' First Set of Request for Production also includes the following specific request:

15 14. All documents and things that relate to the preparation, filing, prosecution, or
 16 maintenance of all patent applications, whether pending or abandoned, United States or
 17 foreign, issued to, assigned to or filed by or on behalf of Kodak that relate to or claim priority
 18 to the '811 patent, including but not limited to all predecessor and successor patents and
 applications.

19 (Exhibit B; see also Request No. 13). In response to DR Systems' request, Kodak produced one
 20 portion of one file history. DR Systems' own independent investigation verifies that there are six
 21 additional patents in at least five foreign countries for which there are prosecution materials (Exhibit
 22 D). Eastman Kodak Company remains the listed assignee for these applications. Despite DR
 23 Systems' repeated requests, Kodak has been unable or unwilling to locate the complete responsive
 24

25
 26
 27 ² Kodak's counsel sent a letter via email on August 22, 2008, the last day for DR Systems to file this Motion,
 28 stating that Kodak is sending a CD to DR Systems on August 22, 2008 that purportedly contains some license
 agreements.

file histories.³

Foreign and U.S. patent prosecution materials typically identify prior art references related to the claimed inventions of the pending application. These materials when identified in pending or abandoned applications are not publicly available or readily accessible to DR Systems. Clearly, any prior art raised in any patent application which claims priority to the Kodak '811 patent in suit and Kodak's responses thereto are relevant to claim construction and DR Systems' invalidity claims pending in the lawsuit. Moreover, to the extent any relevant prior art references were brought to the attention of Kodak (or Kodak's prosecution counsel) but not brought to the attention of USPTO during the prosecution of the '811 patent, that information must be discoverable so that DR Systems may develop any inequitable conduct claims.

Accordingly, all responsive documents regarding the U.S. and foreign prosecution of any application which relates to or claims priority to the ‘811 patent, including but not limited to all predecessor and successor patents and applications must be produced.

C. All Documents Related To Any Medical Imaging Product Designed, Developed, Manufactured And/Or Sold By Kodak Prior To And After The Carestream Transaction Are Relevant And Should Be Produced

DR Systems' Requests Nos. 2, 3, 10, 21, 41 and 47 (Exhibit B) seek information related to the Kodak and Kodak/Carestream medical imaging products. It is DR Systems' position that, as Kodak has construed the claims of the '811 patent, Kodak's own medical imaging products must embody the alleged invention of the '811 patent. Kodak has the burden of proving that its own medical imaging products need not be marked with the '811 patent which would entitle Kodak to damages six years prior to the filing of the lawsuit. Without the technical information regarding the Kodak and Kodak/Carestream products, DR Systems is unable to challenge Kodak's self-serving

³ To the extent Kodak argues that its patent prosecution documents are maintained by outside counsel – and no internal copies are kept within Eastman Kodak Company - DR Systems contends that such documents are in the “control” of Kodak.

1 conclusion that their products need not be marked. Kodak's withholding of this information is
 2 improper and to the prejudice of DR Systems.

3 *i. Pre June 2007 documents*

4 As stated above, Kodak is and has been a major player in the medical imaging industry.
 5 Despite its recent (and conflicted) representation that it no longer is in the medical imaging business,
 6 documentation regarding Kodak's prior medical imaging products is relevant to the issues in this
 7 litigation. Specifically, technical, developmental, marketing, financial and source code information
 8 regarding Kodak's DirectView PACS products (or any other PACS product) manufactured and sold
 9 prior to 2007 that remains in the custody, control and possession of Kodak is relevant at least to the
 10 issues of marking, obviousness and damages before the Court.

11 Although Kodak has indicated that it will agree to some sort of stipulation that would make
 12 the marking issue moot, Kodak has refused to propose such a stipulation. Even in light of any
 13 stipulation, the fact that the '811 patent was embodied in a Kodak PACS device, the technical and
 14 developmental details of such embodiment (i.e. source code) and the marketing and financial
 15 information of such products are relevant to the obviousness secondary considerations upon which
 16 Kodak has already indicated it relied. For example, Kodak has expressly relied on the "commercial
 17 success" of the claimed invention of the '811 patent in PACS systems in its interrogatory responses
 18 to rebut DR Systems' claims of invalidity. (Exhibit E; Kodak Int. Rsp. No. 3). DR Systems has
 19 specifically requested these documents. (Exhibit B, ¶¶23-26).

20 There is more. During the August 18, 2008 teleconference with the Court, Kodak's counsel
 21 indicated that as a result of a "recent development" Kodak would produce any documents ***that Kodak***
 22 ***intends to rely on*** in support of its commercial success argument, or any other non-obviousness response.
 23 In other words, Kodak is only willing to produce documents that support its claims. DR Systems would
 24 be highly prejudiced by Kodak's piece meal and "cherry-picking" document production which may or
 25 may not come sometime in the case. DR Systems respectfully requests that Kodak be prevented from
 26 such gamesmanship and produce ***all*** responsive documents regarding the Kodak PACS products, many
 27 of which must be retained for regulatory purposes due to the medical nature of the devices and
 28 presumably for Sarbanes-Oxley compliance.

1 ii. *Post June 2007 documents*

2 DR Systems also requests that Kodak produce all documents regarding the Kodak
 3 Carestream PACS products. Clearly, the PACS products identified therein, which prominently bear
 4 the Kodak trademark, are “Kodak licensed products.” A cursory review of the products identified in
 5 the Kodak Carestream PACS products appear to embody the same features of the ‘811 patent that
 6 Kodak claims are contained in the DR Systems’ accused products. Any documents that Kodak
 7 maintains in conjunction with its license to Carestream for these medical imaging PACS products
 8 are relevant to claim construction and damages. Indeed, the amount of control Kodak exercises
 9 regarding the safety and quality of medical imaging products sold under its trademark is relevant and
 10 discoverable information.

11 On July 24, 2008 DR Systems served a subpoena on Carestream Healthcare, Inc. requesting
 12 documents related to its medical imaging devices, licenses from Kodak and the conception/reduction
 13 to practice or early development of any device that could embody the technology of the ‘811 patent
 14 obtained through the transaction with Kodak. (Ex. F) Carestream has objected to and refuses to
 15 produce any responsive documents. (Ex. G) DR Systems is currently proceeding with the
 16 procedural requirements to obtain this basic information from Carestream in Rochester, New York.
 17 Interestingly, however, DR Systems seriously questions the claimed separateness of Kodak and
 18 Carestream with respect to this litigation. Kodak is located at 343 State Street, Rochester, NY
 19 14650, Caresteam occupies an old Kodak building at 150 Verona Street in Rochester, NY 14650 - -
 20 .3 miles around the corner. Kodak and Carestream are and have been represented by the same
 21 attorneys from Schiff Hardin in this district. (Exhibit H) And, Kodak and Carestream obviously
 22 work together with respect to the co-branded Kodak Carestream PACS products (Exhibit A).

23 Kodak should not be permitted to avoid relevant and necessary discovery by claiming that,
 24 because Carestream has that information, it is not within Kodak’s “possession, custody, and
 25 control.” This argument simply places form over substance. Given Kodak’s close relationship with
 26 Carestream, including its *co-branding* with Carestream of these PACS products, it should be
 27 Kodak’s burden, not DR Systems’, to obtain relevant documents from Carestream.

1 **D. Kodak's Supplementation of its Responses and Objections to DR**
 2 **Systems Requests for Documents is Warranted and Not Unduly Burdensome**

3 Kodak's Response to each one of DR Systems' request begins with a recitation of objections
 4 followed by the statement "Subject to and without waiving these objections and the foregoing General
 5 Objections, Kodak will produce, or has produced, responsive and non-privileged documents identified
 6 after a reasonable search." (Exhibit B). Kodak's entire production of documents has consisted of 208
 7 pages: the '811 patent in suit, its file history and U.S. Patent No. 5,021,989.

8 Due to the recent transaction between Kodak and Carestream, DR Systems made the
 9 reasonable request that Kodak supplement its responses for each request to identify which
 10 documents no longer exist and which ones are no longer in its custody, control or possession. DR
 11 Systems requested that Kodak identify which documents were transferred to Carestream in
 12 conjunction with the Asset Purchase of the medical imaging business. Kodak has refused.

13 The importance of the requested supplementation is twofold. First, DR Systems has alleged
 14 that Kodak's claim for damages on all accused products which were sold prior to the filing of this
 15 lawsuit April 14, 2008 be barred by the doctrine of laches. (Docket No. 13). To establish laches, a
 16 defendant need only show that: (1) the filing of suit was delayed for an unreasonable and
 17 inexcusable length of time; and (2) the delay operated to the prejudice or injury of the defendant.
 18 Id. at 1032; Wanlass v. General Electric, 148 F.3d 1334, 1337 (Fed. Cir. 1998). A legal
 19 presumption of laches arises when the plaintiff delayed filing suit for more than six years after
 20 plaintiff "learned or should have known" of the alleged infringer's activity. Aukerman, 960 F.2d at
 21 1038. Importantly, the delay is calculated at the time the patentee knew or should have known
 22 about the now-alleged infringement. Wanlass, 145 F.3d 1461, 1466 (Fed. Cir. 1998) (patentee did
 23 have a duty to investigate a particular product if and when publicly available information about it
 24 should have led [patentee] to suspect that product of infringing.)

25 Kodak is and has been a major player in the medical imaging industry since the early
 26 1990's. Kodak and DR Systems attend the same trade shows, compete for the same business and
 27 participate in research and commercial advancements to the medical imaging field. It would be
 28 preposterous to suggest that the two companies were unaware of each others products. Moreover,
 Kodak is well equipped with highly sophisticated in-house and outside legal counsel to assist in the

1 prosecution and enforcement of its patents against legitimate infringers through licensing and/or
2 litigation. Thus, DR Systems intends to establish that Kodak should have known about DR Systems
3 accused products over a decade ago. Therefore, confirmation of the destruction of Kodak's
4 documents regarding the medical imaging industry from years ago is crucial to DR Systems' laches
5 defense in proving the enormous evidentiary prejudice resulting from Kodak's unreasonable delay.

6 Secondly, Kodak states in its interrogatory responses that it first became aware of the DR
7 Systems accused products during the prior lawsuit between DR Systems and Kodak regarding DR
8 Systems' patents. Kodak was named as a defendant in that action on April 12, 2006 (Case No.
9 06cv417 Docket No. 10). Since the Kodak/Carestream transaction occurred sometime around June
10 of 2007, then by reasonable account, Kodak was under the obligation pursuant to the Federal Rules
11 of Civil Procedure to maintain all potentially relevant documents "in anticipation of the litigation"
12 of the '811 patent against DR Systems. Therefore the need for DR Systems' requested
13 supplementation as to the fate of Kodak's responsive documents, or lack thereof, is clear: 1) did
14 Kodak destroy responsive documents prior to April 12, 2006; 2) did Kodak relinquish control of
15 responsive documents to Carestream while under the obligation to maintain them; or 3) do
16 responsive documents reside in the custody of Carestream with which Kodak has a license
relationship and business partnership for medical imaging products?

17 DR Systems respectfully requests that Kodak be required to *clarify, explain and support its*
18 *objections* to DR Systems document requests by category or request with a specific identification of
19 their existence (or non-existence) and location. Fed.R.Civ.P. 34(a)(2)(B) ("Responding to Each
20 Item." Such a request is in accordance with the Federal Rules of Civil Procedure and controlling
21 law.

22 **III. CONCLUSION**

23 For the reasons set forth above, DR Systems respectfully requests Kodak be compelled to
24 produce documents and things regarding licenses to the Kodak '811 patent in suit; Kodak's medical
25 imaging products (similar to the accused DR Systems medical imaging products); and the U.S. and
26 foreign patent prosecution of application which claim priority to the Kodak '811 patent in suit. DR
27 Systems also requests that Kodak be compelled to supplement its Responses and Objections to DR
28

1 Systems First Set of Document Requests with a statement or explanation of the location of
2 responsive documents for each topic.

3 Respectfully submitted,

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Certificate of Service

The undersigned hereby certifies that all below counsel of record who are deemed to have consented to electronic service were served the 22nd day of August, 2008, with a copy of the **DR SYSTEMS, INC. MOTION TO COMPEL SUPPLEMENTAL DISCOVERY RESPONSES FROM EASTMAN KODAK COMPANY** via the Court's CM/ECF system. I certify that all parties in this case are represented by counsel who are CM/ECF participants.

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